

# Transforming the Future of Business Processes

*Elizabeth McGrath*

*Principal Deputy Under Secretary of Defense  
for Business Transformation*

**A**quisition, finance and accounting, program management—Elizabeth McGrath has experienced it all, and her skills are helping to play a role in transforming the way the Department of Defense does business. Currently the principal deputy under secretary of defense for business transformation, McGrath has previously served as the deputy director for systems integration with the Defense Finance and Accounting Service. Throughout her career, she has had a variety of program management roles culminating in program executive office-level oversight responsibility. McGrath talked to *Defense AT&L* in December 2007 about DoD's transformation efforts and the challenges it faces in developing new enterprise-wide strategies.

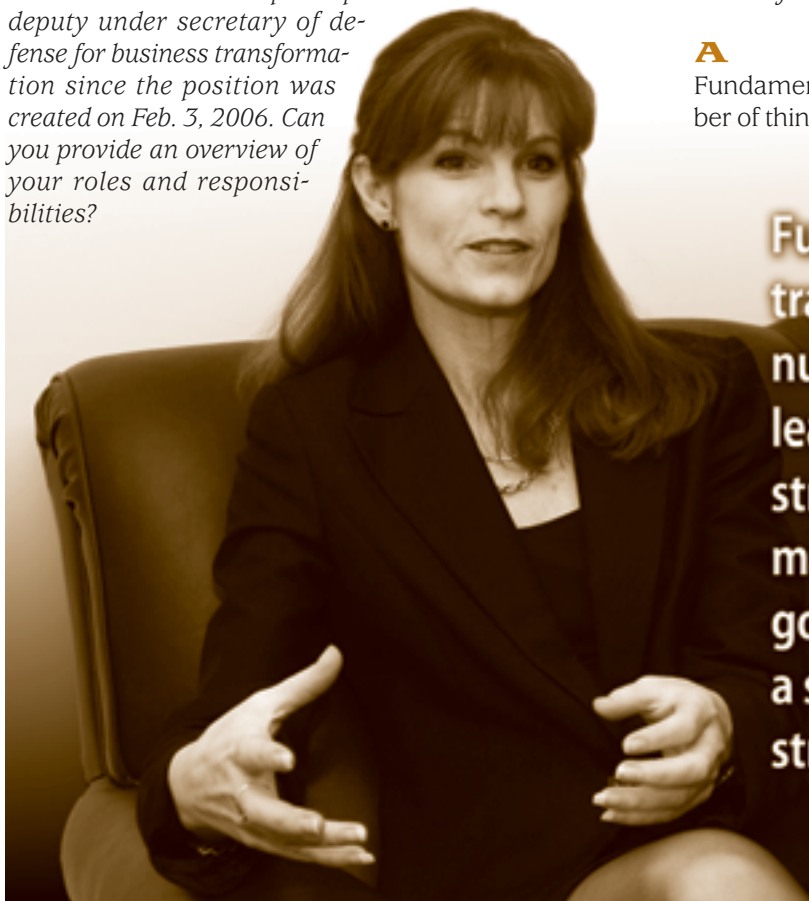
**Q**  
*You've served as the principal deputy under secretary of defense for business transformation since the position was created on Feb. 3, 2006. Can you provide an overview of your roles and responsibilities?*

**A**  
My primary responsibilities include executing the department's primary governance body for business transformation, the Defense Business Systems Management Committee (DBSMC); implementing DoD's continuous process improvement/Lean Six Sigma (CPI/LSS) efforts; and co-leading, with the director of national intelligence, an initiative to reform the government-wide security clearance process. More broadly, I am responsible for ensuring that the many diverse aspects of the department's business transformation efforts are aligned and working together toward our shared goal of agile, adaptive, flexible, and accountable business operations.

**Q**  
*Can you describe what must be done in order to ensure a successful DoD business transformation effort?*

**A**  
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management, an active governance structure, and a sound enterprise-level strategy. Deputy Secretary of Defense Gordon England continues to have an active personal role in defense business transformation. He has been, in many ways, acting in the capacity of a chief management officer throughout his tenure, most notably in his role as the chair of the DBSMC, the overarching governance board for the department's business mission area.

Recently, the department codified these CMO functions in a directive that states that the deputy secretary, as CMO, shall:

- Ensure department-wide capability to carry out the strategic plan of the DoD in support of national security objectives
- Ensure the core business missions of the department are optimally aligned to support the department's warfighting mission
- Establish performance goals and measures for improving and evaluating overall economy, efficiency, and effectiveness and monitor and measure the progress of the department
- Develop and maintain a department-wide strategic plan for business reform.

Further, the department has placed additional focus and emphasis on adopting continuous process improvement principles and implementing Lean Six Sigma methodologies. More broadly, the department has focused on five key areas, which together, are critical to the successful execution of our business transformation endeavor: strategy, process, culture, information, and technology. The department understands that business transformation is a marathon, not a sprint. Following this course, the department has made steady, significant progress in each of the five key areas mentioned above, and is poised for greater gains as we move forward.



*What challenges face DoD as it works to change its business practices, and how is your office responding to those challenges?*



The biggest challenge facing the department's transformation efforts is simply the size and complexity of the organization. DoD manages a budget more than twice that of the world's largest corporation, employs more people than the population of a third of the world's countries, provides medical care for as many patients as the largest health management organization, and carries 500 times the number of inventory items as the world's largest commercial retail operation. We are responding to this massive transformational challenge by using a systematic approach that focuses on the five key areas I mentioned previously—strategy, process, culture, information, and technology—and by vesting accountability for successful

transformation at all levels of the department's hierarchy. The department has tried to create an environment in which each level of the DoD organizational structure—component, enterprise, or other—can focus on those requirements specific to its level, with oversight and assistance provided by the Office of Business Transformation and the Business Transformation Agency. Additionally, we have focused on bringing together a world-class workforce—using special hiring authority granted to us by Congress—that is led by experienced business professionals.



*You've mentioned Lean Six Sigma, which is one of the hottest programs DoD organizations are adopting. As of July 2007, 64 percent of DoD organizations were applying this methodology to their business practices. Can you describe what Lean Six Sigma is and why so many DoD organizations are turning to it to improve processes?*



As part of our ongoing business rhythm, we routinely review and assess our organizational structure to ensure alignment with customer needs and the strategic vision. As customer requirements and priorities evolve, it is crucial that we have the agility and flexibility to meet their needs in the most effective way possible. Lean Six Sigma is a disciplined improvement methodology that utilizes a combination of rigorous analytics and common sense to create efficient and effective processes. Lean Six Sigma provides a framework through which complicated processes can be examined in an organized and understandable way, thereby allowing us to identify where specific inefficiencies reside and allowing us to fix them. Lean Six Sigma has been endorsed by DoD leadership as the means by which the department will eliminate waste, improve quality, and put its resources and capital to the best use in our effort to make our business processes best support the warfighter. At the end of the day, it is leaders that make Lean Six Sigma successful, not the other way around. Leadership coupled with clear objectives, projects with impact, rigorous tracking, and a robust recognition program are key to driving the successful deployment of Lean Six Sigma across DoD.



*One of your responsibilities is an end-to-end reform of the security clearance process—one of the major Lean Six Sigma projects currently being undertaken. Can you talk more about this project?*



One of the most ambitious process improvement projects that has been undertaken to date is an end-to-end reform of the government-wide security clearance process. DoD is working in close cooperation with the Office of the Director of National Intelligence, the Office of Manage-

## Elizabeth A. McGrath

### **Principal Deputy Under Secretary of Defense for Business Transformation**

**A**s the principal deputy under secretary of defense for business transformation, Elizabeth A. McGrath is responsible for the Department of Defense's primary governance body for business transformation, the Defense Business Systems Management Committee. The committee is responsible for implementing DoD's continuous process improvement/Lean Six Sigma efforts and is co-leading, with the director of national intelligence, an initiative to reform the government-wide security clearance process. Additionally, McGrath was instrumental in the October 2005 establishment of the Defense Business Transformation Agency. Her responsibilities require integration and coordination with deputy secretary of defense and principal staff assistant (PSA) organizations as well as other inter-governmental agencies, such as the Office of Management and Budget and the General Accountability Office. She ensures that all business transformation requirements are aligned to PSA goals and objectives, thereby maximizing the capabilities of the offices of the Under Secretary of Defense for Acquisition, Technology and Logistics; the Under Secretary of Defense for Personnel and Readiness; and the Under Secretary of Defense Comptroller.

Prior to her current appointment, McGrath served as the deputy director for systems integration at the Defense Finance and Accounting Service, where she managed the entire design of a new DoD-wide standard financial system. The project scope included logistics, personnel, medical, acquisition, and financial missions, including many acquisition category IAM and III programs. Throughout her career, McGrath has served in a variety of program management roles, culminating in program executive office-level oversight responsibility. She possesses extensive knowledge of acquisition-related statutes, regulations, and policies, and she has more than 18 years of applied acquisition experience with major defense acquisition programs and major automated information systems. She has served as the business and acquisition manager for an international program with the United Kingdom and has held numerous other financial, acquisition, and program management positions within the U.S. Department of the Navy.

McGrath holds a bachelor's degree in economics from George Mason University and is a graduate of the Federal Executive Institute. She is certified at the acquisition level III in program management, financial management, and logistics. She is a member of the DoD acquisition professional community.



ment and Budget, and the Office of Personnel Management on this effort.

The team, composed of intelligence and defense experts from both the security and business transformation disciplines, began work in June 2007. While OPM was with us for portions of our work in the summer, they are presently expanding their membership in all aspects of planning from here forward, to include the Office of Personnel Management director joining the director of national intelligence, the under secretary of defense for intelligence, and the deputy director for the Office of Management and Budget as champions of an integrated effort.

Working closely with the leadership of all these organizations, our inter-agency team has been charged with creating a new clearance process that is fair; flexible and adaptive; managed and highly automated end-to-end; reciprocal; and delivers timely, high-assurance security clearances at the lowest reasonable cost.

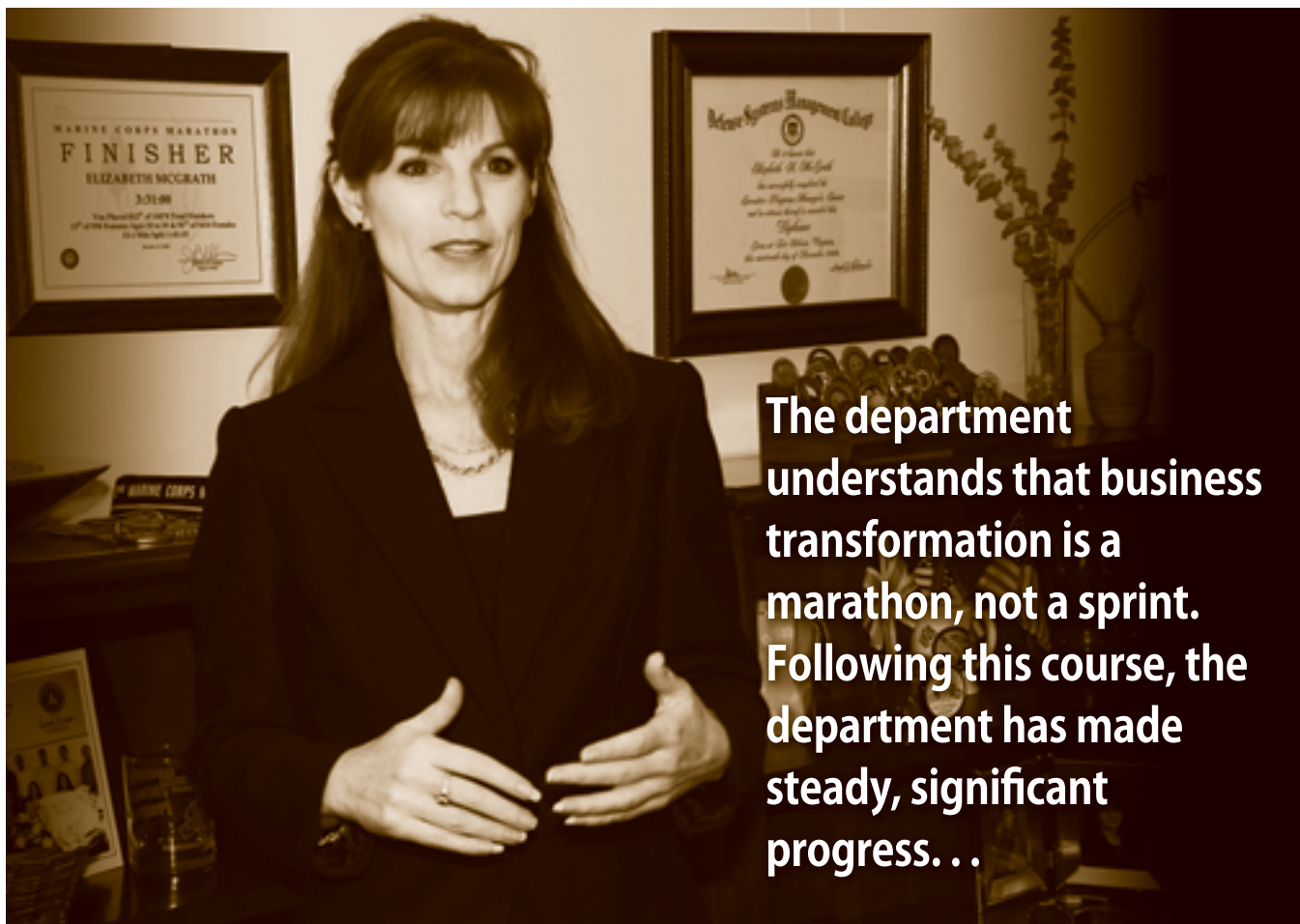
The team has produced a transformed process that employs updated standards, methods, tools, and technologies to ensure effective and efficient performance across the U.S. government. We are presently working on ways to prove the innovations in the transformed process and have begun drafting the policy changes that ultimately will be needed to enable the change. It is important to note that the team's work has always been to create a transformed process—to define a desired future state. I differentiate this from the many, valuable ongoing efforts to improve the present-day process. These efforts and the team's vision are complementary, with near-term efforts as essential steps along the path to the future state.

The challenge for any and all of us involved in the process is to manage it from end to end across the U.S. government and to optimize each segment of the process (application, investigation, adjudication, aftercare) as well as the flow between them. For example, reductions in the backlog in investigations, though essential, may translate to work accumulating in other areas, such as adjudication facilities, unless all are working with the end-to-end perspective in mind. That's the vision of the future state: to find solutions in all areas and improve the experience of the agency and individuals the process is trying to serve.



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*Office of the Deputy Under Secretary of Business Transformation in April 2007. Since the office was created, what steps have been taken in educating organizations and employees in Lean Six Sigma traits?*

**A** Since April 2007, much has been accomplished. Training classes have been established and completed; projects have been executed, yielding significant savings of time and money for the department; deployment metrics have been created and tracked; and productive relationships have been established between the Lean Six Sigma leaders from every DoD organization.

A focus on training has been a large part of our Lean Six Sigma deployment effort. The terms “black belt” and “green belt” refer to two Lean Six Sigma certification levels. As part of his April 2007 directive on Lean Six Sigma, Deputy Secretary England emphasized training portions of the department’s workforce to the green and black belt levels. The DoD CPI/LSS Program Office currently offers green belt and black belt training, as well as a course for the department’s senior leaders that teaches them to be champions of Lean Six Sigma within their organizations. Green belt training involves one week of classroom training. Black belt training involves three weeks of classroom

training spaced out over three months. Champion training generally lasts for one day.

An integral part of the training process for green and black belt candidates is their role as leaders in actual Lean Six Sigma projects, ensuring that they can apply the training to complete their project. The objective of Lean Six Sigma is to enable the workforce to solve problems using a culture-changing methodology. The culture change occurs one person and one project at a time.

For more information about Lean Six Sigma, I encourage individuals within the DoD to go to < <https://acc.dau.mil/dodcpitraining> > .

**Q** *Could you tell us a little about the DBSMC and its importance to the Department’s overall business transformation efforts?*

**A** The DBSMC is an integral part of the department’s overall business transformation efforts. The DBSMC, created in 2005, brings the department’s top leaders together to serve as the governance structure for the department’s business operations. The DBSMC has responsibility for

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approving business systems modernizations, the Business Enterprise Architecture (BEA), which is the enterprise architecture for the department's business information infrastructure and includes processes, data, data standards, business rules, operating requirements, and information exchanges; and the Enterprise Transition Plan, which is the strategic plan for the department's business area. Additionally, the DBSMC charter extends the authority of the DBSMC to include responsibility for ensuring that the strategic direction of the department's business operations are aligned with the rest of DoD and for measuring and reporting the progress of our transformation. The DBSMC has also been an integral driving force behind the department's adoption of Lean Six Sigma methodology and the department's shared focus on enterprise resource planning strategy. The DBSMC has provided invaluable top-level direction for the business improvement efforts of the department.

**Q** *One of the major focuses of the Business Transformation Agency has been to improve the department's acquisition of business capabilities. This effort has produced the Business Capability Lifecycle and Enterprise Risk Assessment Methodology. Could you speak about how BCL and ERAM will improve business capabilities acquisition?*

**A** The BCL will help resolve long-standing challenges that have impacted the delivery of business capabilities in a timely, well-informed manner—challenges such as fragmented governance and reporting, a need for better-defined requirements and more robust upfront solution analysis, and a need for continual access to comprehensive information to enhance visibility for all process stakeholders. Additionally, the BCL institutionalizes compliance

management with BEA. Under BCL process rules, initial operational capability of a program must be reached within 12 to 18 months of the contract award or the business case will not be approved. Integral to the BCL process are ERAM examinations, which are conducted at key events in the program to mitigate emerging conditions that could impact delivery of capabilities. ERAM proactively identifies risk across seven key areas (strategy, process, scope/requirements, technology, contract, people, and external), with a focus on the root cause of the risk.

**Q**

*The Enterprise Transition Plan is the strategic planning document for the department's business operations. How does the ETP interact with the other planning documents that the department produces, such as the supply chain planning document?*

**A**

To manage the breadth of DoD's business and the depth of the organization, DoD is managing transformation through a family of interconnected plans, each with a well-defined focus, and each with accountability enforced by the department's organizational structure. This family of plans includes both enterprise-wide planning documents, such as the Quadrennial Defense Review, and functional business transformation plans, such as the supply chain management improvement and the financial improvement and audit readiness plans. The ETP serves as the umbrella business transformation plan among this family. Each of the major plans and reports play a key role in business transformation and each is aligned with the ETP.

**Q**

*In a July 2004 Defense AT&L article, you wrote, "Each year the Department of Defense spends billions of dollars designing, building, operating, and maintaining business systems for our troops. ... Inevitably these independent systems could rarely interact with other systems, and their information could not easily be exchanged or aggregated for use by senior DoD leaders for decision making." What changes are being made in DoD's technology investments right now to prevent that problem of interoperability?*

**A**

The department has made significant progress in ensuring that its technology investments seamlessly interact and share information with one another. All new systems and system modernization programs must comply with BEA. The investment governance structure, including the DBSMC and the Investment Review Boards will not approve an investment unless it complies with the BEA.

**Q**

*Thank you for your time, Ms. McGrath.*